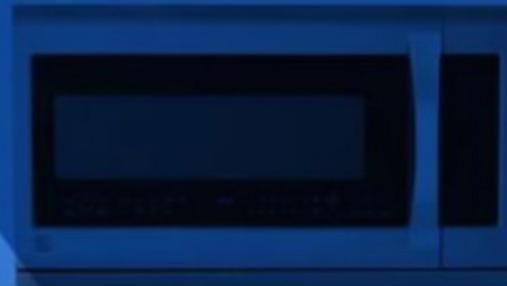


EXHIBIT E

sears



Lender Presentation

January 24, 2019



Cautionary Statement: Forward-Looking Info

Certain statements made in this presentation contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. Forward-looking statements include information concerning future financial performance and liquidity, business strategy, plans, goals and objectives. Statements preceded by or followed by, or that otherwise include, the words "believes," "expects," "anticipates," "intends," "estimates," "plans," "forecast," "is likely to" and similar expressions or future or conditional verbs such as "will," "may" and "could" are generally forward-looking in nature and not historical facts. Such statements are based upon the current beliefs and expectations of the Company's management and are subject to significant risks and uncertainties, many of which are beyond the Company's control, which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: our ability to achieve cost savings initiatives; vendors' lack of willingness to do business with us or to provide acceptable payment terms or otherwise restricting financing to purchase inventory or services; our ability to effectively compete in a highly competitive retail industry; our ability to offer merchandise and services that our members and customers want; our ability to successfully implement our integrated retail strategy to transform our business into a membercentric retailer; our ability to successfully manage our inventory levels; initiatives to improve our liquidity through inventory management and other actions; the effect of worldwide economic conditions, an economic downturn, a renewed decline in customers' spending patterns, inflation and changing prices of energy; our failure to execute effective advertising efforts; the negative impact as a result of the recapture rights included in the Master Leases in connection with the Seritage transaction and the JV transactions; disruptions to our computer systems which are used to implement our integrated retail strategy, process transactions, summarize results and otherwise manage our business; our ability to maintain the security of our members and customers, associate or company information; payment-related risks that could increase our operating costs, expose us to fraud or theft, subject us to potential liability and potentially disrupt our business operations; the impact of the seasonality of our business and customers spending patterns on the annual operating results; our dependence on sources outside the United States for significant amounts of our merchandise, which may be impacted by changes in U.S. and international trade regulations, including new or increased duties, tariffs, retaliatory tariffs, trade limitations and termination or renegotiation of the North American Free Trade Agreement; our reliance on third parties to provide us with services in connection with the administration of certain aspects of our business; impairment charges for goodwill and intangible assets or fixed asset impairment for long-lived assets; our ability to attract, motivate and retain key executives and other associates; our ability to protect or preserve the image of our brands and our intellectual property rights; the effect of product safety concerns or claims concerning the services we offer; the outcome of future legal proceedings, changes in laws and government regulations, product liability, patent infringement and qui tam claims; our failure to comply with federal, state, local and international laws; consumer spending impacted by weather conditions and natural disasters; increases in employee wages and the cost of employee benefits; the ability to rightsize our operating model; our ability to consummate sales of our store base and other assets, including on the expected timelines or the terms and conditions of any such sales; and our ability to implement operational improvement efficiencies.

Today's Presenters



Rob Riecker

Office of the CEO – Chief Financial Officer

Leena Munjal

Office of the CEO – Chief Digital Officer

Greg Ladley

Office of the CEO – President of Apparel and Footwear

Kunal Kamlani

President – ESL Investments, Inc.

sears



Transaction Overview



Transaction Summary

- On January 17, 2019, Sears Holdings Corporation announced that ESL Investments, Inc. was selected as the winning bidder in the Bankruptcy Court auction
- Subject to Bankruptcy Court approval, ESL will acquire substantially all of the Company's assets, including the "Go Forward Stores" on a going-concern basis ("New Sears") for approximately \$5.2 billion
 - 425 stores (consists of 223 Sears and 202 Kmart banners)
 - Synergistic network and interdependent ecosystem of business segments to unlock value of the franchise, including Sears Auto Centers, Shop Your Way, Monark, Innovel, Sears Home Services (incl. PartsDirect) and the rights to the Kenmore and DieHard brands
- The debt financing supporting the acquisition will consist of the following:
 - \$1,300 million ABL Credit Facility
 - Up to \$1,050 million ABL Revolver (\$360 million drawn at close)
 - ABL Revolver size reduced by any increase in FILO Term Loan size
 - Minimum \$250 million FILO Term Loan
 - \$400 million minimum Excess Availability at closing
 - \$350 million rollover of the existing Junior Dip
 - \$175 million Real Estate Debt
- The proposed transaction is expected to close in early February, subject to approval by the Bankruptcy Court and the satisfaction of customary closing conditions

Sources & Uses and Pro Forma Capitalization

<i>(\$ in millions)</i>			
Sources	Amount	Uses	Amount
New ABL Revolver (\$1,050) ⁽¹⁾	\$360	Purchase Consideration	\$2,082
New ABL FILO Term Loan	250	Rolled Citi L/C Facility	271
ESL Real Estate Debt Bridge ⁽³⁾	175	Rolled Junior DIP	350
Citi L/C Facility	271	Rolled Home Services PA/Gift Card/Points	1,090
Rolled Junior DIP	350	AP Liability/Admin Exp/Assump. Sparrow Debt	1,266
New Equity / Credit Bid	1,352	Transaction Fees & OID	55
Home Services PA/Gift Card/Points	1,090		
AP Liability/Admin Exp/Assump. Sparrow Debt	1,266		
Total Sources	\$5,114	Total Uses	\$5,114

<i>(\$ in millions)</i>			Amount	
Pro Forma Capitalization		Maturity	Pricing	At Closing
Cash and Cash Equivalents				\$-
ABL Revolver (\$1,050) ⁽¹⁾		5 years ⁽²⁾	L + 375-400 bps	360
ABL FILO Term Loan		5 years ⁽²⁾	TBD	250
ESL Real Estate Debt Bridge ⁽³⁾		3 years	L + 850 bps	175
Rolled Junior DIP		5 years	L + 1,300 bps ⁽⁴⁾	350
Total Funded Debt				\$1,135
Citi L/C Facility	--		L + 1,100 bps	271
Total Obligations				\$1,406

(1) Excludes \$118 million of letters of credit.

(2) Includes a springing maturity of 90 days prior to the maturity of the ESL Real Estate Debt Bridge.

(3) Located at a non-guarantor, special purpose entity.

(4) Represents PIK interest rate.

Summary of Terms for ABL Credit Facilities

Borrowers:	Each domestic subsidiary of New Sears which owns any ABL Priority Collateral													
Guarantors:	All existing and future direct and indirect material domestic subsidiaries of New Sears, subject to certain exceptions													
Security:	A perfected first priority lien on substantially all working capital assets and pharmacy scripts ("ABL Priority Collateral"); second lien on substantially all other assets excluding owned or ground leased real property													
Facilities:	\$1,300MM <ul style="list-style-type: none"> ▪ ABL Revolver: Maximum of \$1,050MM (reduced dollar for dollar for any increase in FILO Term Loan) ▪ ABL FILO Term Loan: Minimum of \$250MM 													
LC Sublimit:	\$250MM in Year 1 (allowing new LCs above current amounts under Revolver), thereafter \$400MM and allow Citi L/C facility movement subject to P/F Excess Availability ≥ the greater of (i) 25% of the Line Cap and (ii) \$250MM													
Swingline Sublimit:	\$100MM													
Maturity:	5 Years (springing maturity to 90 days inside maturity of the Real Estate debt facility and any other debt maturities > \$50MM)													
Borrowing Base:	<u>Equal to the sum of:</u> <ul style="list-style-type: none"> a) 90% of eligible credit card receivables; b) 85% of eligible pharmacy receivables; c) 85% of the NOLV of eligible pharmacy scripts (at 30% of the borrowing base); d) 90% of the appraised NOLV of eligible inventory; e) 90% of the appraised NOLV of eligible in-transit inventory; f) Less Reserves 													
Pricing:	<ul style="list-style-type: none"> ▪ <u>ABL Revolver:</u> Based on an availability-based grid outlined below: ▪ <u>ABL FILO Term Loan:</u> TBD <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Excess Availability</th> <th style="text-align: center;">LIBOR Margin & Letter of Credit Fees</th> <th style="text-align: center;">Base Rate Margin</th> </tr> </thead> <tbody> <tr> <td>≥ 50% of Revolving Commitments</td> <td style="text-align: center;">3.75%</td> <td style="text-align: center;">2.75%</td> </tr> <tr> <td>< 50% of Revolving Commitments</td> <td style="text-align: center;">4.00%</td> <td style="text-align: center;">3.00%</td> </tr> </tbody> </table>					Excess Availability	LIBOR Margin & Letter of Credit Fees	Base Rate Margin	≥ 50% of Revolving Commitments	3.75%	2.75%	< 50% of Revolving Commitments	4.00%	3.00%
Excess Availability	LIBOR Margin & Letter of Credit Fees	Base Rate Margin												
≥ 50% of Revolving Commitments	3.75%	2.75%												
< 50% of Revolving Commitments	4.00%	3.00%												
Undrawn Fee:	<u>ABL Revolver:</u> 50 bps													
LIBOR Floor:	0.00%													
Amortization:	None													
Line Cap:	Lesser of (a) the sum of (i) aggregate Revolver commitments and (ii) the FILO Term Loan amount outstanding and (b) the borrowing base													
Revolver Line Cap:	Lesser of the aggregate Revolver commitments and the borrowing base													
Excess Availability:	Line Cap, minus Revolver borrowings, minus letters of credit minus the FILO Term Loan amount outstanding													
Cash Dominion:	Springing when Excess Availability is < the greater of (i) 12.5% of the Line Cap and (ii) \$125MM for 3 business days during any 30 day period													
Borrowing Base Reporting:	Monthly, springing to weekly when Excess Availability < the greater of (i) 15% of the Line Cap and (ii) \$150MM for 3 business days during any 30 day period													
Exams & Appraisals:	2x per annum in Year 1, thereafter 1x per annum, springing to 2x when Excess Availability < greater of (i) 25% of Line Cap and (ii) \$250MM													
Financial Covenant:	Year 1: Minimum Excess Availability equal to the greater of (i) 10% of the Revolver Line Cap and (ii) \$75MM Thereafter: Springing 1.00x FCCR when Excess Availability < the greater of (i) 10% of the Revolver Line Cap and (ii) \$75MM													
Optional Prepayments:	<ul style="list-style-type: none"> ▪ <u>ABL Revolver:</u> Prepayable anytime at par ▪ <u>ABL FILO Term Loan:</u> 102 / 101 hard call 													
Mandatory Prepayments:	Usual and customary for facilities of this type													
Negative Covenants:	Usual and customary for facilities of this type													
Minimum Closing Date EA:	\$400MM Minimum Excess Availability under the ABL Revolver at Closing													

Estimated Closing Borrowing Base

(\$ in Millions)	Closing
Borrowing Base Calculation	
Gross Eligible Inventory	\$1,553.0
Total Ineligible ⁽¹⁾	(93.2)
Net Eligible Inventory	\$1,459.9
% NOLV ⁽²⁾	83%
NOLV of Net Eligible Inventory	\$1,211.7
Advance Rate	90%
Inventory Available	\$1,090.5
Credit Card Receivables	64.0
<i>Advance Rate</i>	90%
Credit Card Receivables Availability	\$57.6
Pharmacy Receivables	10.0
<i>Advance Rate</i>	85%
Pharmacy Receivables Availability	\$8.5
NOLV of Pharmacy Scripts	27.0
<i>Advance Rate</i>	85%
Pharmacy Scripts Availability	\$23.0
Gross Borrowing Base	\$1,179.6
Less: Current Reserve	(50.0)
Total Borrowing Base	\$1,129.6
Less: Direct Borrowings	(360.0)
Less: L/Cs	(118.0)
Less: FILO Term Loan Outstanding	(250.0)
Excess Availability	\$401.6

(1) Illustratively assumes 6.0% ineligible.

(2) 83% NOLV represents floor at close for purposes of satisfying Closing Date Minimum Excess Availability Condition.

Indicative Transaction Timeline

January 2019							February 2019						
Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4	5					1	2
6	7	8	9	10	11	12	3	4	5	6	7	8	9
13	14	15	16	17	18	19	10	11	12	13	14	15	16
20	21	22	23	24	25	26	17	18	19	20	21	22	23
27	28	29	30	31			24	25	26	27	28		

Bank Holiday  Key Date

Date:

Activity:

Thursday, January 24

- Lender Meeting

Wednesday, February 6

- Commitments Due (12:00pm EST)

Thereafter

- Closing and Effectiveness

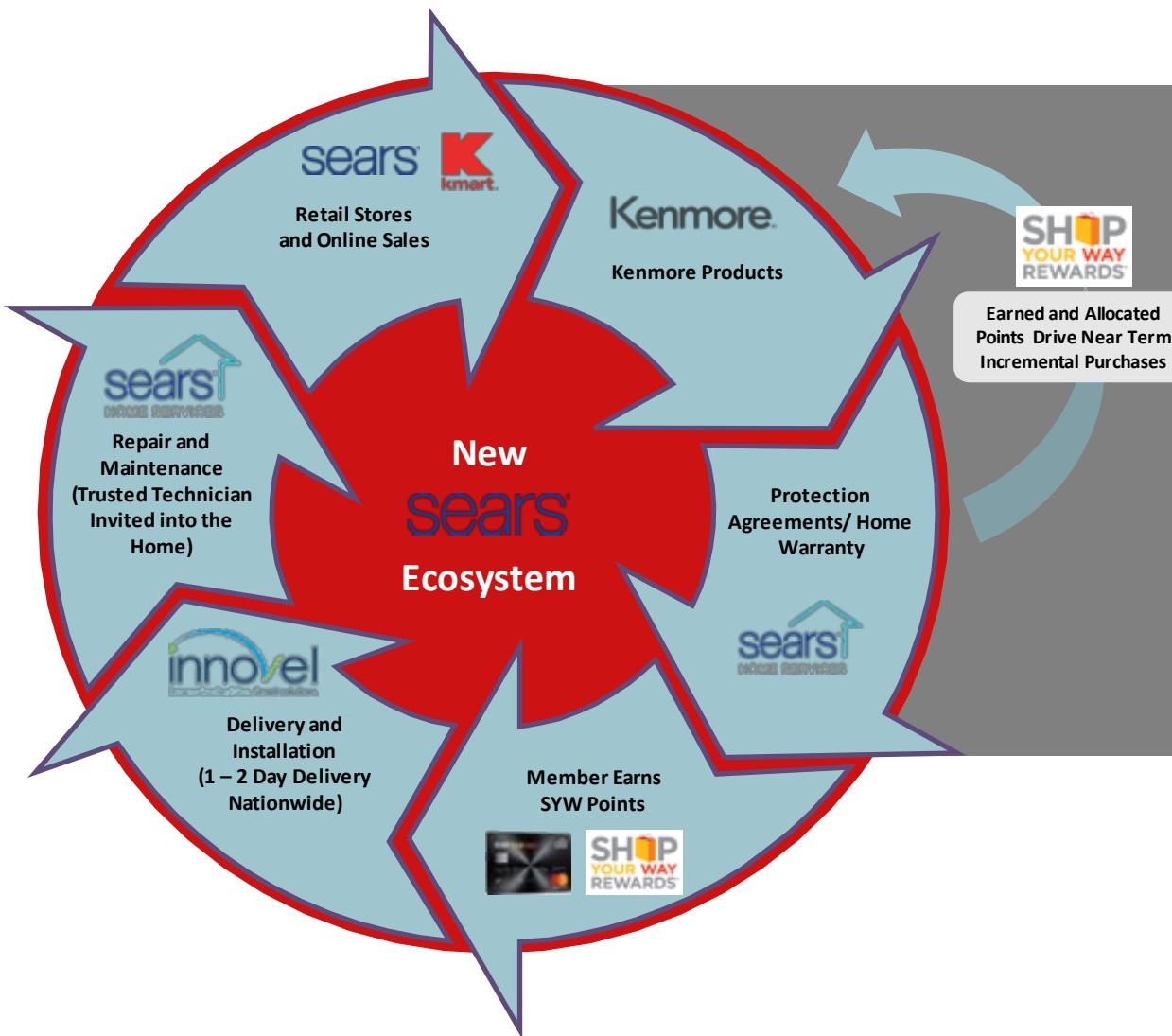
sears



New Sears Overview



Synergistic and Interdependent Ecosystem



Earned and Allocated Points Drive Near Term Incremental Purchases

Select Partners

UBER

lendingtree



Groupon



New Sears at a Glance

- New Sears emerges positioned for success
 - Shrink retail footprint and grow 4-Wall EBITDA by eliminating unprofitable stores
 - Cut SG&A by approximately 50%
 - Healthier capital structure creates liquidity runway necessary to execute on the Go Forward Plan

	OldCo ¹	New Sears
Store Count	687	425
Total EBITDA	(\$621)M FY18E	\$25M Projected 2019E
4-Wall, Online, SAC, and SYW EBITDA	\$242M FY18E	\$338M Projected 2019E (425 Stores)
Inventory	\$2.7B as of Petition date	\$1.6B
SG&A	\$1.2B annual run rate	\$656M 2019E annual run rate
Debt	\$5.5B	\$1.1B
Supply Chain	140 Supply Chain Assets (includes DCs, RDCs, and MDOs)	120 Supply Chain Assets, with opportunities for rationalization (includes DCs, RDCs, and MDOs)
Kenmore & DieHard	Subject to PBGC claim	Retain financial benefit of the brands
Sears Home Services	Part of SHC	Part of New Sears
Protection Agreements	Underwritten by company pre-petition, Assurant post-petition	New Sears will take existing liabilities; Assurant to write PAs for first three years then return to pre-petition structure

New Sears will have \$400mm of excess availability at close, providing significant liquidity for the go forward business

(1) As of 10/15/18 (petition date).

ESL Investment Thesis

① Synergistic and Interdependent Ecosystem:

- Strong physical presence and unique locations to support the digital showroom concept – which is important on big ticket and considered purchases – combined with online penetration, home services, credit, and delivery capabilities make for a powerful network value proposition

② Strong Brand Recognition and Market Share in Key Segments:

- Currently, Sears is the 3rd largest appliance retailer in the U.S. with a 15.3% market share
 - Lowes has 25.8% share; Home Depot has 17.1%; Best Buy has 13.7%

③ Competitive Advantage:

- Sears is a leading B2C delivery & installation provider through its Innovel logistics business
 - Competitive advantage over other market participants with high barriers to entry
 - Amazon and others continue to seek to leverage Sears' capabilities through its Innovel network
- Expansive Financial Services platform with profitable Citi credit card agreement and multiple avenues for continued growth under the partnership

④ Reengaging in Strategic Initiatives:

- Forge partnerships with strategic partners / investors who can bring complementary capabilities
- Ability to expand reach in hardline categories through scaling the small format concept

⑤ Highly Disciplined Focus on Leveraging Digital Platform:

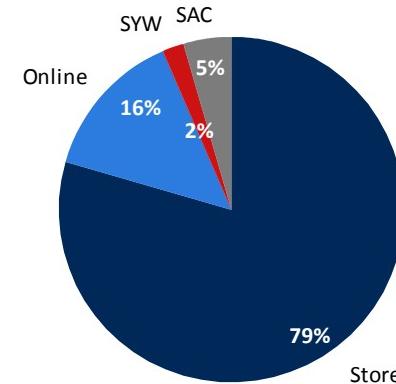
- Robust digital platform (Shop Your Way) which boasts 145MM total registered users including 49MM active users in the last 24 months, 33mm users in the last 15 months, and 15MM redeemers in the past 15 months
 - Personalize pricing capabilities at the member level driven by machine learning data and analytics platform

Sears Retail Business Summary

Business Overview

- Sears' Retail Business consists of its 223 Sears Stores, 202 Kmart Stores and their respective Online presences
- The business is broken into the primary categories below:
 - Hardlines:** composed of Home Appliances (HA), Consumer Electronics, Tools, Lawn & Garden, Outdoor Living, Sporting Goods, Mattresses, and Monark businesses
 - Softlines:** composed of Apparel, Footwear, Home, and Jewelry businesses; these businesses sell an assortment of proprietary brands as well as third-party retail options
 - Sears Auto Centers:** a multi-channel automotive aftermarket service provider offering replacement tires, mechanical diagnostics and repair, vehicle maintenance products and services, batteries and battery-related accessories, as well as automotive accessories and chemicals for cars and light trucks
 - Grocery & Drugstore, Pharmacy, and Children's Entertainment & Seasonal:** sells grocery, household and pet supplies, beauty care, OTC health & wellness, stationery, party supplies, children's entertainment products, seasonal merchandise, dispenses prescription drugs and performs clinical services

Revenue by Segment



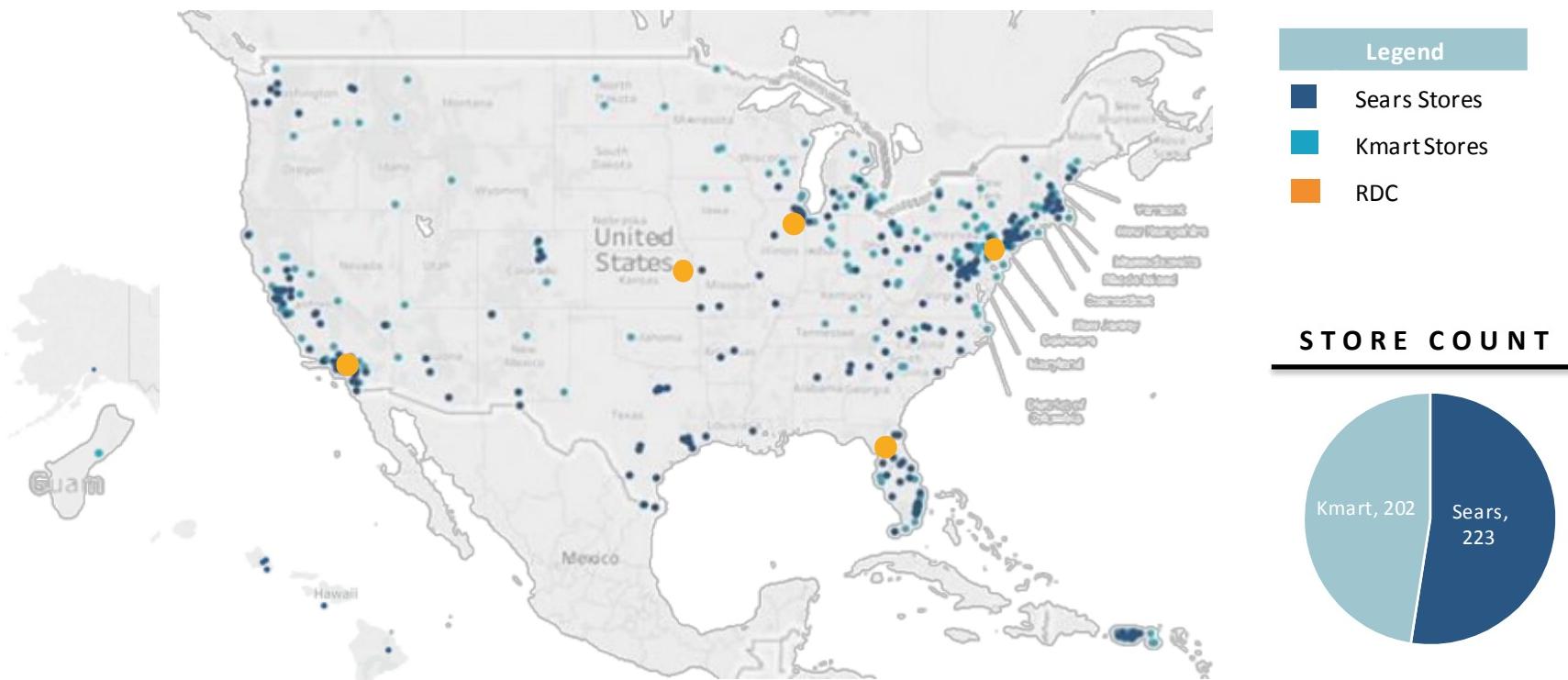
FY 2019E Revenue: \$5.8BN Revenue

Preliminary 2019E Forecasted Financials

(\$ mm)	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	FY19
B&M Same Store Sales (% Change)	(1.0%)	(1.0%)	(1.0%)	(1.0%)	(1.0%)	(1.0%)	(1.0%)	(1.0%)	(1.0%)	(1.0%)	(1.0%)	(1.0%)	(1.0%)
Brick and Mortar Revenue	\$295	\$381	\$306	\$365	\$446	\$322	\$334	\$383	\$301	\$450	\$639	\$358	\$4,581
Sears Auto Center Revenue	19	24	18	19	24	19	20	24	21	22	28	24	262
Online Revenue	62	75	59	74	93	57	68	80	34	80	83	62	826
ShopYourWay	6	11	6	7	10	7	7	9	6	7	15	7	100
Total Revenue	\$382	\$491	\$390	\$465	\$573	\$405	\$429	\$495	\$362	\$559	\$765	\$452	\$5,768
(-) COGS	(274)	(347)	(260)	(318)	(404)	(278)	(315)	(363)	(255)	(396)	(530)	(331)	(4,072)
Gross Margin	\$108	\$144	\$129	\$147	\$169	\$127	\$114	\$132	\$107	\$163	\$235	\$121	\$1,697
Margin (%)	28%	29%	33%	32%	29%	31%	27%	27%	30%	29%	31%	27%	29%
(-) Operating Expenses	(\$103)	(\$118)	(\$99)	(\$104)	(\$122)	(\$104)	(\$106)	(\$122)	(\$104)	(\$119)	(\$137)	(\$121)	(\$1,359)
Retail EBITDA	\$5	\$26	\$30	\$43	\$47	\$23	\$9	\$9	\$3	\$44	\$97	\$0	(\$338)
Margin (%)	1%	5%	8%	9%	8%	6%	2%	2%	1%	8%	13%	0%	6%

Overview of Retail Footprint

- New Sears boasts 425 go-forward stores and 120 Supply Chain Assets (including DCs, RDCs, and MDOs) geographically distributed across the US and US territories
- Five states/territories – California, Florida, Pennsylvania, Puerto Rico, and New York – account for approximately 45% of the store count



Attractive footprint with geographically diversified assets including retail, industrial and office assets

425 Stores Delivered \$317MM of EBITDA In 2015⁽¹⁾

Historical Revenue

(\$ in Millions)



Historical Gross Margin

(\$ in Millions)



Historical EBITDA

(\$ in Millions)



(1) Sears and Kmart store 4-wall financials only; excludes Sears Auto Center, Online and ShopYourWay.

SSS Improved Significantly Pre-Filing

Initiatives by Segment

Softlines Initiatives

- ShopYourWay cashback offers are underway, plus prices have been adjusted upwards by lowering promotional marketing dollars to fund points and improve margin dollars
- Adjusting pricing further to lower promotional depth due to increased demand driven by SYW Points to improve margin dollars

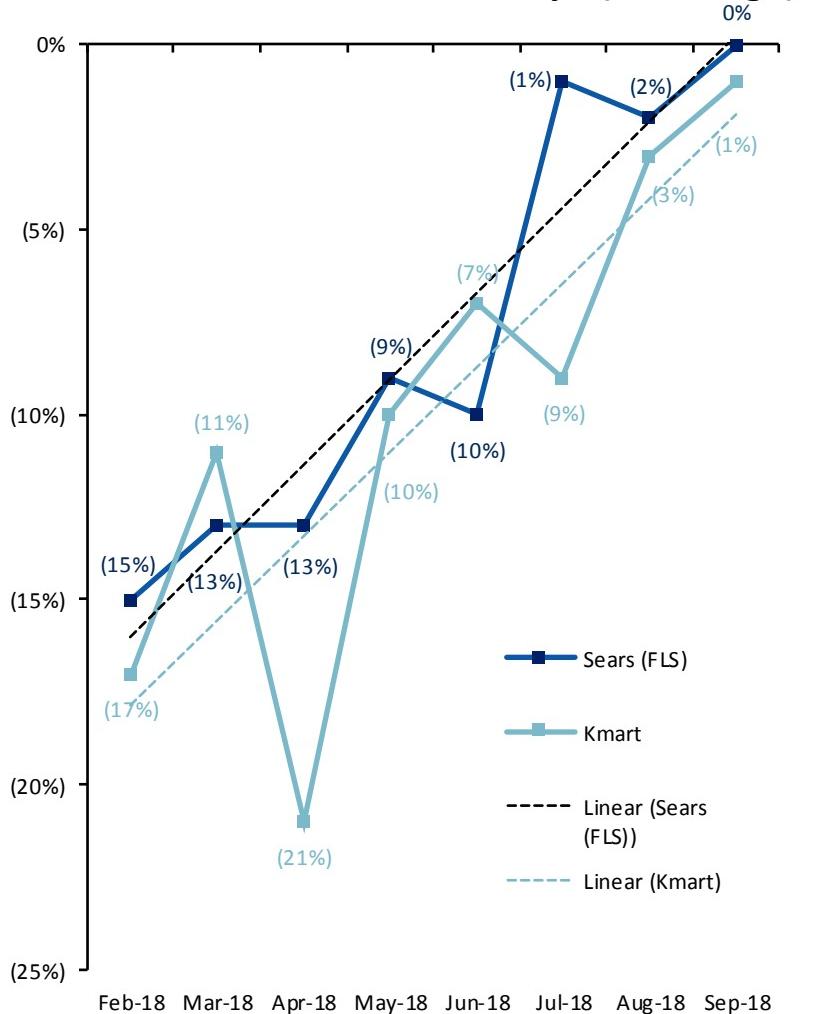


Hardlines Initiatives

- Investment in digital marketing (e.g. search engine marketing, data-feeds, affiliates, retargeting)
- Free delivery
- "Mores of Kenmore"
- Creative offers (e.g. bundled promotions; value-positioned product upgrades, etc.)
- Launch of "leasing online"
- Increased focus on shopping recaps (e.g. "abandoned carts" in store to drive purchase online after store visit)
- Leverage of Home Services data to find potential future home appliance buyers (e.g. higher frequency of service on existing old appliances and declined service estimates/quotes)
- Increased television marketing spend



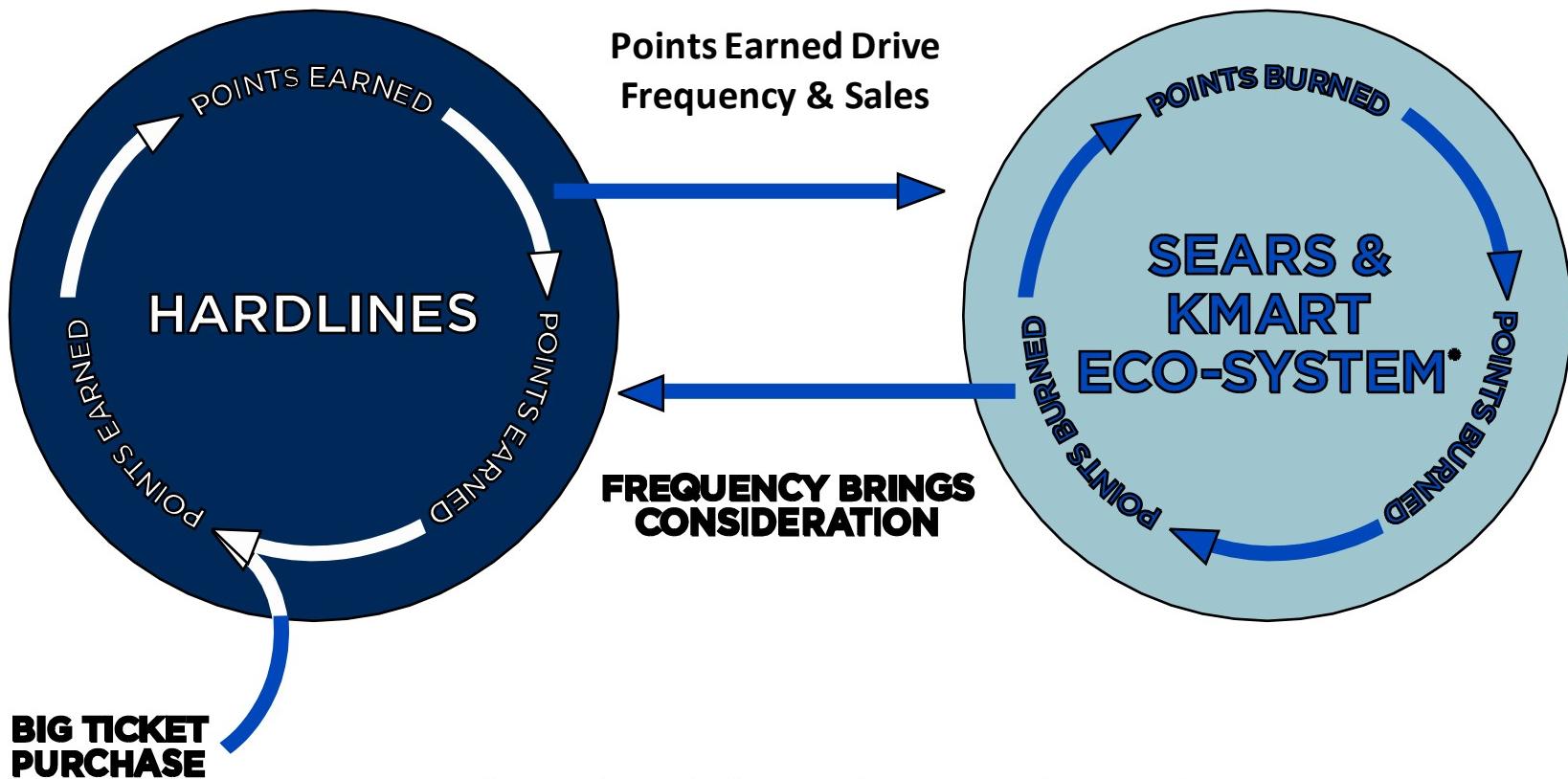
2018 YTD Same Store Sales Comps (% Change)⁽¹⁾



⁽¹⁾ Same-store comps based on Company data. Includes online, excludes SAC, and is adjusted for the retail week calendar.

Apply Learnings from 2018 to Future Programs

The Sears and Kmart Flywheel—Sales and Repeat



Points usually get redeemed in frequency businesses such as apparel, footwear, home, food, grocery, drug, etc but can be redeemed anywhere in Sears and Kmart ecosystem, including Hardlines.

Competitive Hardlines Promotional Strategy

COMPETITIVE PROMOTIONAL MARKDOWN OFFER + ADDITIONAL VALUE WITH SYW CREDIT CARD (FUNDED BY CITI) + ADDED VALUE WITH SYW POINTS TO DRIVE REPEAT VISITS AT BOTH FORMATS



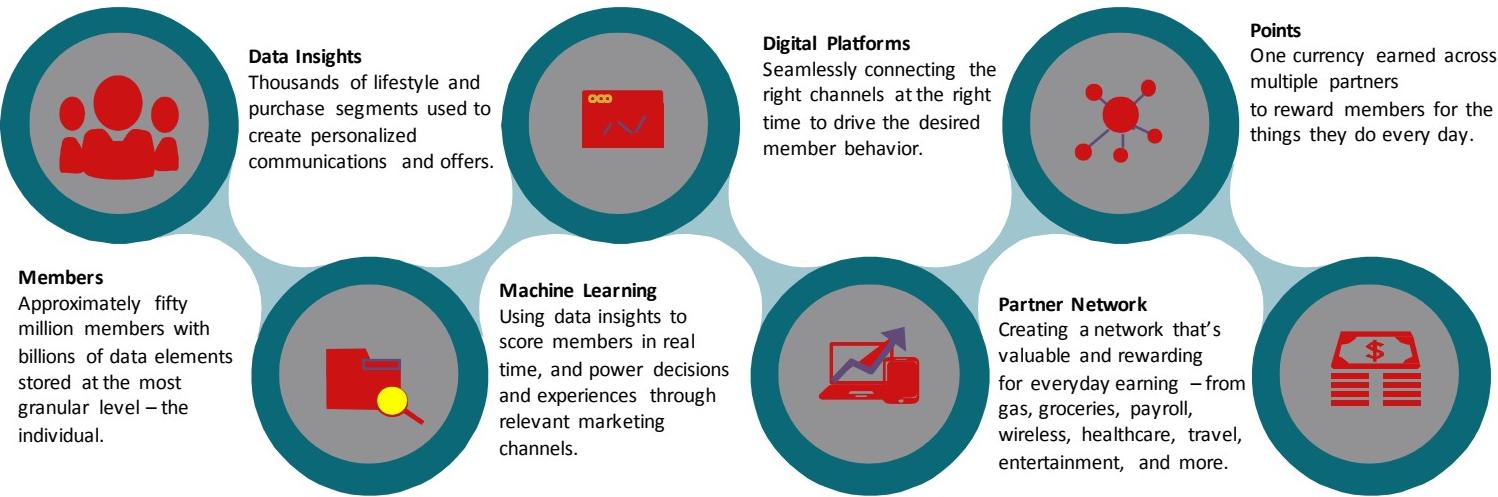
Shop Your Way

Integrating & Digitizing the Sears Platform

Shop Your Way is one of the most sophisticated data, analytics, marketing and rewards engine platforms in the United States. Its advanced data capabilities are the cornerstone of the new Sears experience.

KEY HIGHLIGHTS

- **Shop Your Way leverages unique analytical capabilities and corporate partnerships to create a robust member experience**
 - Creating strong customer relationships is at the core of modern-day retail and building brand equity
 - By leveraging Shop Your Way data, the Company can actively cater to the latest customer trends and effectively plan for the future in an agile manner
- **Shop Your Way provides substantial intelligence to Sears Brick and Mortar Business, as well as its other core operating businesses**



Shop Your Way

SYW Offers a Large Network of Members Value Everyday

Membership at a Glance

49
MILLION
24 MONTH
ACTIVE MEMBERS

Earn Points For Everyday Goods

33
MILLION
15 MONTH
ACTIVE MEMBERS

Spend with Key Partners

15
MILLION
MEMBERS REDEEMING
POINTS – 15 MONTHS



SHOP YOUR WAY
REWARDING
MEMBERS
THROUGH SYW
POINTS EVERYDAY



E-Commerce Business

Online Business in the SHC Ecosystem



The Online business leverages and supports the Sears ecosystem by delivering a integrated retail experience for members

- **Traffic:** Generate traffic by making investments in Points, Digital Marketing, and Owned Marketing (email, text, social)
- **Selection:** Online assortment consists of store assortment, online exclusive owned inventory, drop-ship vendors, and marketplace sellers
- **Fulfillment:** Integrated retail capability to ship from warehouse, ship from store, pickup in store, and deliver and install (Innovid)

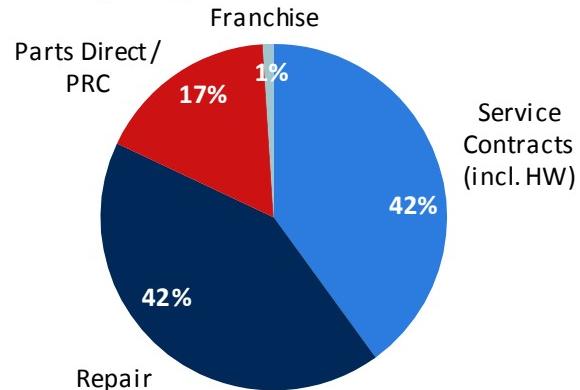
(\$ in million)	2018 Sales (FCST)			Integrated Retail Channel %		
	Sales \$	% of Total SHC	Ship from DC%	Ship from Store %	Store Pickup %	Delivery (Innovid) %
Total Online	\$1,449	16%	13%	14%	13%	50%
Sears.com	\$1,170	22%	12%	11%	22%	55%
Kmart.com	\$156	5%	24%	34%	39%	3%
Marketplace GMV	\$122	0%	0%			

Sears Home Services Business Summary

Business Overview

- Sears Home Services ("SHS") provides repair services and service contracts for appliances, electronics, outdoor power equipment, residential heating & cooling systems, power tools and fitness equipment
- The largest provider of appliance and lawn & garden parts for the DIY community at 2x – 3x the next largest competitor
 - The PartsDirect business has over 130k SKUs on Amazon and eBay marketplaces
 - 88% of customers that purchase on Amazon are new to Sears
- SHS provides a comprehensive suite of service contracts for single appliances or warranties for all appliances in the home
- The largest broad line provider of product repair services to SHC customers, manufacturers, third party administrators, insurance & warranty companies and general consumers
- Franchise services include carpet & upholstery care, air duct cleaning & indoor air quality, garage solutions, maid services and handyman solutions

Revenue by Segment



FY 2019E Revenue: \$1.7BN Revenue

Preliminary 2019E Forecasted Financials

(\$ mm)	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	FY19
Home Services													
Revenue	\$127	\$160	\$131	\$133	\$166	\$135	\$132	\$162	\$125	\$126	\$155	\$129	\$1,681
(-) COGS	(\$32)	(\$41)	(\$36)	(\$37)	(\$46)	(\$38)	(\$38)	(\$43)	(\$30)	(\$32)	(\$39)	(\$33)	(\$444)
Gross Margin	\$94	\$119	\$95	\$96	\$120	\$97	\$95	\$119	\$95	\$94	\$116	\$96	\$1,237
Margin (%)	74%	74%	73%	72%	72%	72%	72%	73%	76%	75%	75%	75%	74%
(-) Operating Expenses	(\$80)	(\$97)	(\$82)	(\$83)	(\$102)	(\$84)	(\$83)	(\$100)	(\$82)	(\$82)	(\$98)	(\$81)	(\$1,053)
EBITDA	\$14	\$22	\$13	\$14	\$18	\$13	\$12	\$19	\$13	\$12	\$17	\$15	\$183
Margin (%)	11%	14%	10%	10%	11%	10%	9%	12%	11%	9%	11%	12%	11%

Note: Excludes SHIP.

Credit Card Portfolio Overview

Overview of Current Program		
20mm Accounts	1.8mm New Accounts	\$1,748mm New Account Spend
\$4,408mm Internal Spend	\$10,389mm External Spend	\$13,660mm Avg. Receivables
\$132mm Cash Payments to Sears	\$221mm Other Program Economics ¹	Sears Share 10.5 % / 17.5 % 2017 Pre-Tax Income
		
ShopYourWay/ Private Label	Thank You/ Non Rewards	
New Account Portfolios		Legacy Portfolios
		 
\$4,332mm Spend	\$1,543mm Spend	\$8,923mm Spend
\$3,508mm Avg. Receivables	\$1,768mm Avg. Receivables	\$8,384mm Avg. Receivables
\$101mm Cash Payments to Sears	\$31mm Cash Payments to Sears	
\$135mm Other Program Economics ¹	\$85mm Other Program Economics ¹	

- ## Terms & Economics
- 5-year extension through November 2025
 - Optional extension of 2 additional years through 11/27, predicated upon Sears meetings performance hurdles
 - Sears has the option to repurchase / arrange for 3rd party repurchase of program assets
 - Repurchase option is only for SYW/PL program and eligible at the end of the 2-year extension (11/27)
 - 2018 – 2020 Economics: Economic sharing largely in line with the current program agreement
 - After 2020 Economics: Economic sharing predicated upon Sears opening new accounts / total program sales for SYW/PLCC and on total program sales for TY/NR
 - Marketing support to include permanent support of SYW externalization; non-contractual support on good faith terms
 - Continuation of Commercial Lending Program and Private Label program (subject to certain triggers) in full line stores

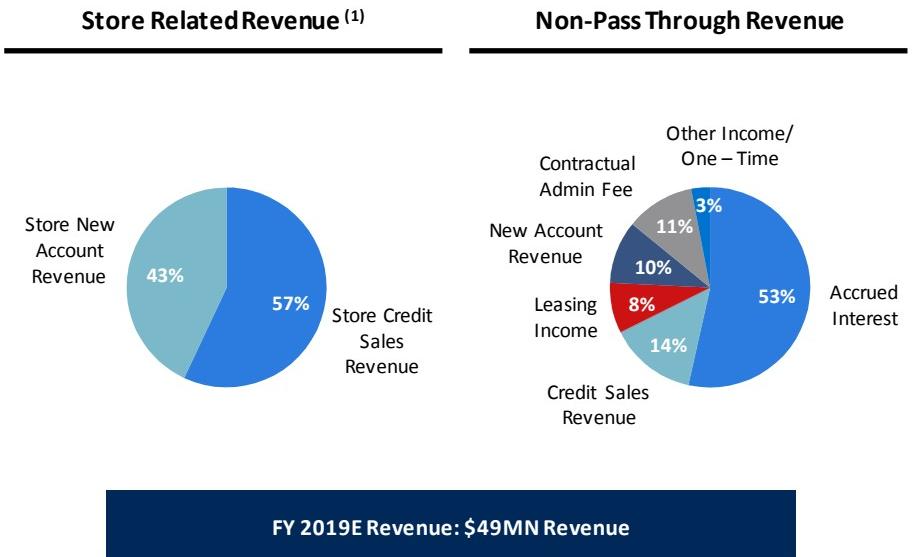
- ## Strategic Benefits
- Revenue sharing program with the Credit Card Partner (Citi)
 - Synergy generated from the integration of the Credit Card portfolio with SYW
 - Size and store footprint of New Sears will continue to drive the economics of the Credit Card Portfolio

Credit Card Agreement Summary

Business Overview

- The SYW Financial Services Business Unit ("SYWFS") provides credit, financial products, and payments through a number of retail formats, as well as online and commercial channels
- Diverse product portfolio includes:
 - Consumer Credit (Private Label and General Purpose Cards)
 - Third Party Payment Options (Visa, MasterCard, American Express, Discover, PIN Debit)
 - Layaway
 - Gift Card
 - Alternative Financial Services (Check Cashing, Bill Pay, etc.)
- Provides financing options to support customers' ability to pay and drive incremental visits and profits to SHC retail locations and increase loyalty and of customers to SHC via the SYW rewards program
- Citi card agreement also saves the Company ~\$45MM of interchange fees which are not included as part of the business unit's EBITDA

Revenue by Segment



Preliminary 2019E Forecasted Financials

	Feb 2019	Mar 2019	Apr 2019	May 2019	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Dec 2019	Jan 2020	FY19
(\$ mm)													
Financial Services													
Revenue	\$3	\$4	\$3	\$4	\$5	\$3	\$4	\$4	\$3	\$5	\$7	\$4	\$49
(-) Operating Expenses	(\$0)	\$0	(\$0)	(\$0)	(\$1)	(\$0)	(\$1)	(\$1)	(\$0)	(\$1)	(\$1)	(\$0)	(\$5)
EBITDA	\$3	\$4	\$3	\$4	\$4	\$3	\$3	\$4	\$3	\$4	\$6	\$4	\$44

(1) Revenue by segment based on LTM revenue as reported by the Company.

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Cost Transformation

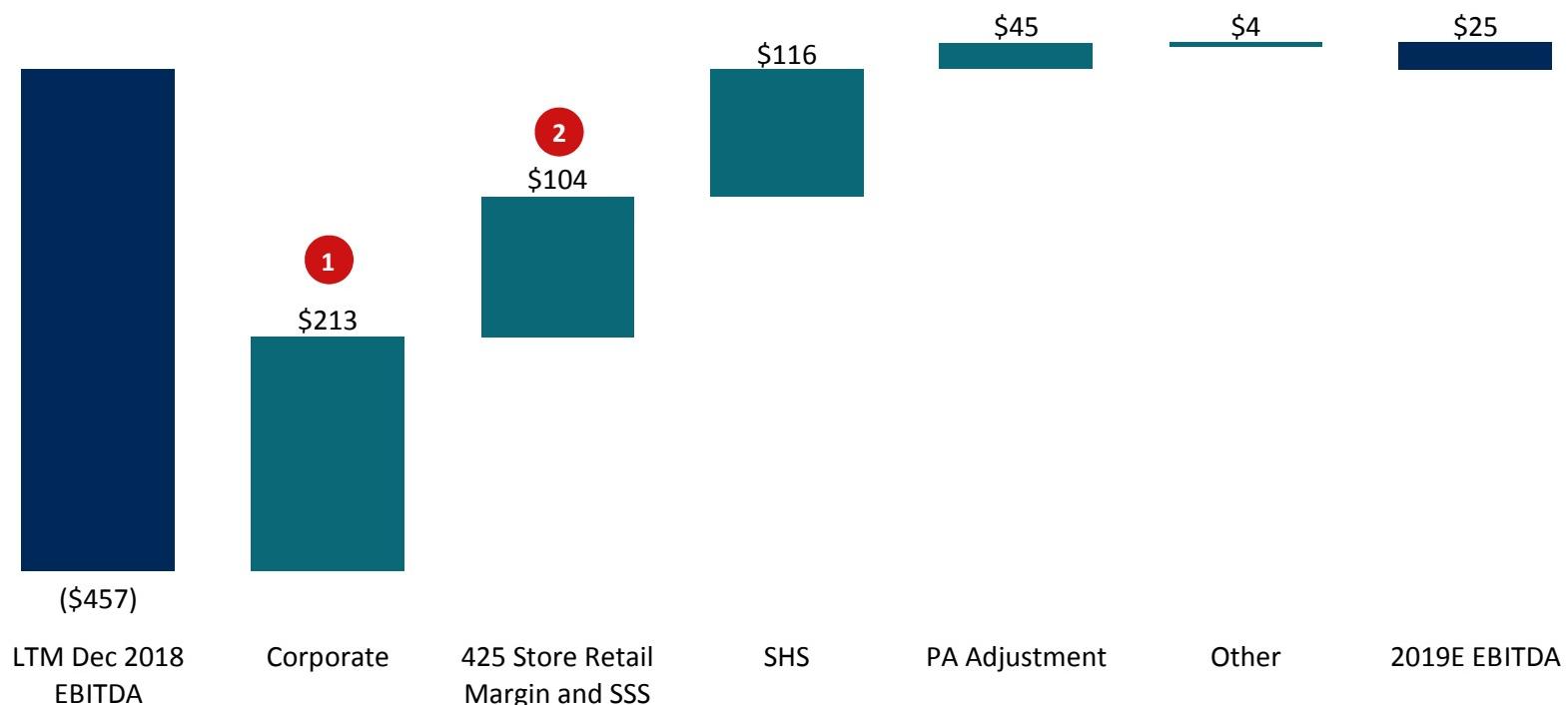


Key Initiatives will Drive Margin & EBITDA Growth

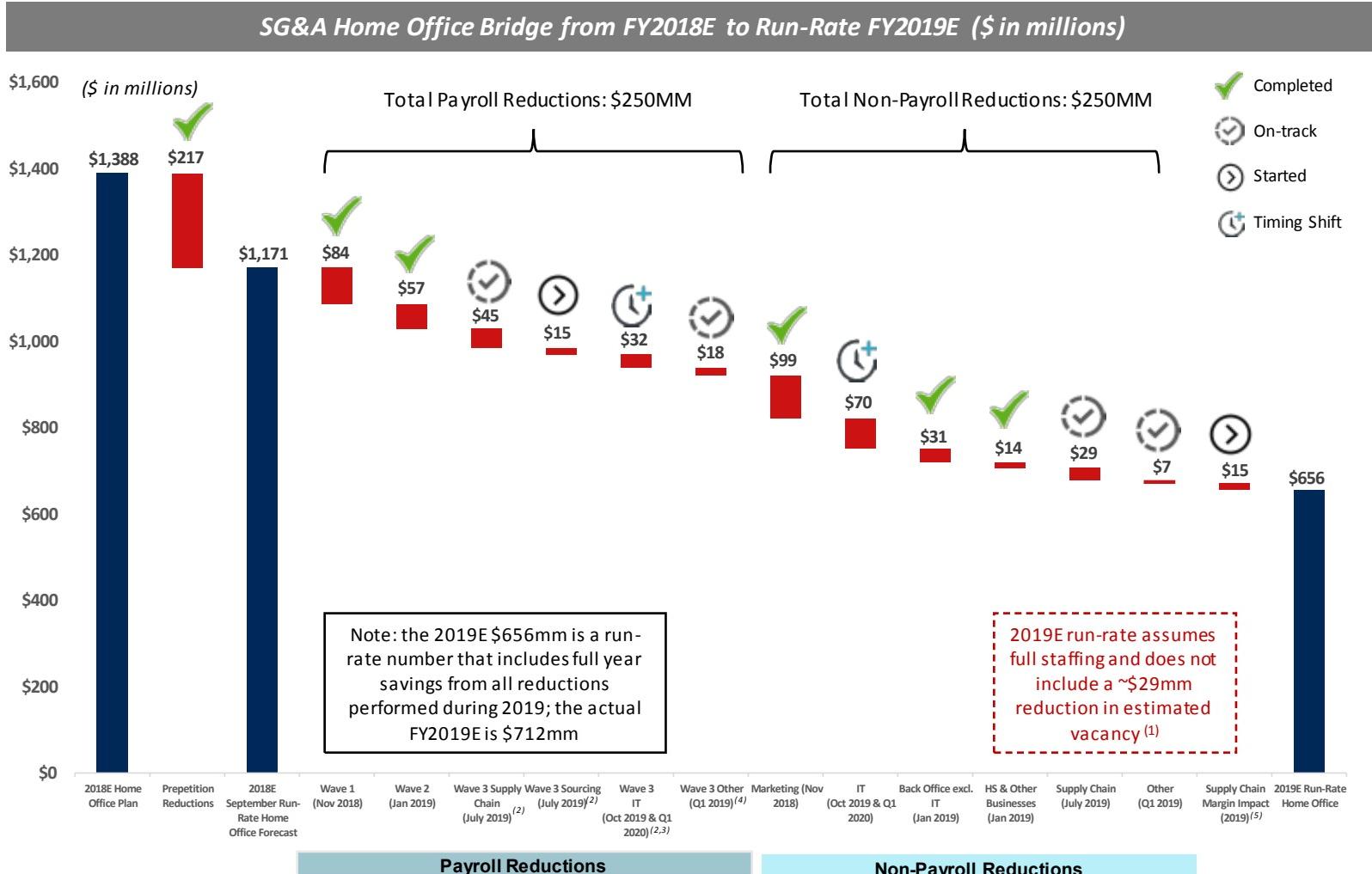
Initiative	Description
SG&A:	<ul style="list-style-type: none">■ Initiatives to reduce corporate SG&A expense from ~\$1.2BN to an annual run-rate of ~\$700MM by the end of 2019■ Payroll reductions on over 1,000 positions in November – and reductions of over 650 positions in January of 2019■ >\$250MM in non-payroll reductions focused in marketing, IT, contracts, and professional services across backoffice groups■ Supply chain costs reduced by \$73MM through a reduction in non-core distribution centers
Assortment Optimization and In Stock & Replenishment:	<ul style="list-style-type: none">■ Reduce the number of SKUs across the company – includes better use of distribution center storage and favorable vendor costs■ Leverage brands between Kmart and Sears formats – includes rollout of Jaclyn Smith and Adam Levine product lines■ Develop competitor data scraping capabilities to help identify pricing and trend opportunities early on■ In-stock: continuously improve in-stocks while minimizing non-productive inventory■ Replenishment: differentiation between basics and seasonal items and implementation of pack/size optimization
SHS Initiatives:	<ul style="list-style-type: none">■ Direct to Consumer ("D2C") – continued technician investment, improved pricing techniques, and optimized marketing efforts■ Business to Business ("B2B") – improvements to pricing strategy, service quality, and job-completion turnover times■ Parts Direct website rebuild – enable multi-touch marketing analytics to better understand and improve the customer journey

LTM Dec 2018 EBITDA to 2019E EBITDA Bridge

(\$ in millions)



Significant SG&A Run-Rate Impact From Reductions



(1) 2018E September run-rate and 2019E run-rate assume full staffing (vacancy not included); September 2018 YTD average vacancy of 7.3% represents a \$47.7mm reduction in the 2018E September runrate and \$29.4mm in the 2019E run-rate; the average vacancy rate of October through December 2018 is 14.4%.

(2) IT and Supply Chain migrating systems and facilities to lower cost solutions; Sourcing meeting held to kick off process.

(3) ~\$56mm of IT reductions are pro forma for reductions achieved through Q1 2020; uncertainty of a potential liquidation prevented the company from signing multi-year deals without a termination for convenience clause.

(4) Primarily retailing and back office actions that are currently not part of wave 1 and 2.

(5) Incremental margin from Inovel 3rd party revenue.

Progress on SG&A Reductions Deliver Savings

- We have made material progress on SG&A right sizing initiative since November 2018, resulting in \$141mm reduction in payroll costs
 - ✓ In November 2018, we actioned 1,059 positions for a total savings of \$84 million
 - ✓ In January 2019, we actioned additional 686 positions for a total annual savings of \$57 million
- We are on track to achieve additional \$114mm in savings
 - ⌚ Non payroll savings of \$45mm by end of Jan through expense reductions in Back Office, Home Services and SAC
 - ⌚ Supply Chain savings of \$69mm of \$74mm by July 2019 (Working to solve ~\$5mm due to timing on IT implementation in the DART facility)
- In addition, we have started another workstream to drive \$15mm of savings through Sourcing
- Due to the Chapter 11 process and the uncertainty of a potential liquidation, we believe it was prudent to not commit the Company to multi-year contracts without termination for convenience clause. This delay in signing of contracts pushed out run-rate reductions into Q4 of 2019
 - ⌚ Consistent with our view in December, we would not replace inventory and financial systems in Q4, therefore pushing to February 2020. Delay from October 2019 to Feb 2020 will result in \$5mm overrun/month for a total of ~\$25mm. Bulk of reduction expenses are tied to the mainframe. As soon as we exit the mainframe, monthly costs drop by almost 50% – there is no gradual or partial reduction
 - ⌚ Run-rate of \$64mm will still be achieved but not until Q1 of 2020. Reduction delay will be mitigated by an estimated ~\$29.4mm in vacancies that were not included in the forecasted \$656mm FY19E run -rate

✓ Completed

⌚ On-track

⌚ Timing Shift

IT Overhaul Reduces Overhead by \$102MM

~\$30MM investment required to achieve a \$102MM reduction in annual spend to an annual run -rate of \$64MM

Strategy to Achieve Reduction

- Fundamental strategy change—replace legacy applications with SaaS solutions and exit internal data centers
 - Requires less FTEs to operate—less infrastructure heads and less developers (\$6MM/month to \$2.1MM)
- Deliverables:
 - Implementation of an ERP application—enables the depreciation of mainframes
 - Implementation of CRM and cloud based contact center—improves member experience as the agent will have a full 360 view of the member from a single screen and take out cost such as depreciation of legacy telephone infrastructure
 - Creation of a single product master (hierarchy)—simplifies the business. For example, same SKU used across all format. It also enables us to consolidate technology.
For example, a single conveyable warehousing system, a single POS
 - Our Non FTE spend drops from \$9MM/month to \$2.5MM. ~ \$5MM (65%) is mainframe + outsourced infrastructure support resources
- The key risks are the (1) company's ability to absorb so much change over a short time period. For example, many business processes will need to change; (2) we will discover something that we didn't foresee. We need to execute with military grade precision, extreme paranoia and issues should be surfaced and resolved in real time. Net, it's all about execution

Assortment Optimization & In Stock Replenishment

Assortment Optimization and In-Stock & Replenishment Initiative Drives \$80mm in Incremental EBITDA in FY2019

Assortment Optimization

Reduce the Number of SKUs Across the Company

- Reduce inventory levels at end of the season
- Optimize the fabric use through creation of a fabric library
- Leverage distribution storage capacity
- Negotiate better Free on Board ("FOB") costs with vendors
 - Apparel and footwear divisions reduced their respective SKU numbers by 31% in 2018 and 33% in 2017
 - 2019 SKU reduction is projected at 20%
 - Reduced FOB by \$110MM since end of 2016 by moving receipt from domestic to import and increasing sourcing mix of Bangladesh and India
- Reduced markdown liability by \$120MM in 2018

Leverage Brands Between Kmart and Sears Formats

- Expand Jacyln Smith to Sears stores → started this year
- Expand Adam Levine to Sears → planning to be fully rolled out planned by end of 2018
- Simply Style moved from Sears to Kmart in Q3
- Plan to expand outdoor life to Kmart in early Q1

Develop Competitor Data Scraping Capabilities

- Leverage price opportunity by product category
- Identify color, style gap earlier in the season

In-Stock & Replenishment

Objective

- Continuously improve in-stocks while minimizing non-productive inventory
- 95% in-stock goal by store & product vs. ~92% currently
- 52-week rolling forecast and refined planning algorithms

Initiatives

- **Lost Sales Reduction:** Lost sales improvement realized in both basic and seasonal areas through improved demand forecasting
- **Reduction of Aged Inventory:** Aged inventory including inventory greater than 80 days ("GT80") will be reduced, specifically demand forecasting improvement and incremental single item replenishment exposure
- **Supply Chain Savings:** Single item replenishment are balanced with the costs of picking vs replenishing size packs

Impacts

- Gains realized in basic replenishment and seasonal product
- Basics split between two tracks to accommodate packaging and replenishment differences
- Seasonal product focus will be on flowing product to maximize sales and minimize markdowns
- Pack size optimization enhances size; improvements to assortment mix
- EBITDA is compressed due to high distribution center costs from size pack to SIR (17% today)
- Single apparel distribution center with pick and pack will reduce costs to 5%

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Historical Financials



Historical Financials

425 Stores -- LTM Period ended December 2018

	Dec 2017	Jan 2017	Feb 2018	Mar 2018	Apr 2018	May 2018	Jun 2018	Jul 2018	Aug 2018	Sep 2018	Oct 2018	Nov 2018	Dec 2018	LTM Dec-18
(\$ mm)														
Retail (1)	756	443	376	480	383	459	563	398	422	486	354	496	600	5,459
Home Services	160	158	129	166	135	142	186	151	144	166	119	121	136	1,753
Financial Services	3	5	3	3	2	2	6	4	4	4	4	4	4	46
Other Businesses (2)	48	44	41	45	34	37	48	45	45	58	35	27	30	490
Adjustment	4	19	(5)	6	6	4	9	4	1	(3)	7	(7)	14	55
Revenue	970	668	545	699	560	644	812	604	616	711	519	641	784	7,803
Retail	221	111	98	130	119	134	153	116	102	116	93	119	146	1,436
Home Services	118	117	94	120	95	100	134	107	101	118	89	89	101	1,265
Financial Services	3	5	3	3	2	2	6	4	4	4	4	4	4	46
Other Businesses	8	9	6	6	4	5	6	6	5	7	4	2	2	63
Adjustment	1	16	1	(2)	(7)	(5)	(4)	4	(3)	(3)	16	2	5	20
Gross Margin	350	258	202	257	213	238	296	237	209	242	206	216	257	2,830
% of revenue	36%	39%	37%	37%	38%	37%	36%	39%	34%	34%	40%	34%	33%	36.3%
Retail	86	(4)	(1)	15	21	30	30	15	(4)	(7)	(8)	14	20	121
Home Services	15	12	5	14	7	9	21	12	10	13	8	11	4	126
Financial Services	3	5	3	3	2	2	6	4	4	4	4	4	4	45
Other Businesses	0	2	0	(0)	(3)	(0)	(0)	(1)	(1)	1	(4)	(5)	(4)	(16)
Adjustment	14	27	12	12	11	6	9	13	8	6	27	9	16	156
SG&A / Supply Chain & Logistics	(74)	(74)	(74)	(74)	(74)	(74)	(74)	(74)	(74)	(74)	(74)	(74)	(74)	(887)
EBITDA	44	(32)	(54)	(31)	(36)	(28)	(8)	(31)	(58)	(57)	(46)	(40)	(34)	(457)
% of revenue	5%	-5%	-10%	-4%	-7%	-4%	-1%	-5%	-9%	-8%	-9%	-6%	-4%	(6%)

(1) Retail relates to the go forward 425 stores, SAC, and SYWR.
 (2) Other Businesses relates to Kenmore and Monark.

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Q&A



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Appendix

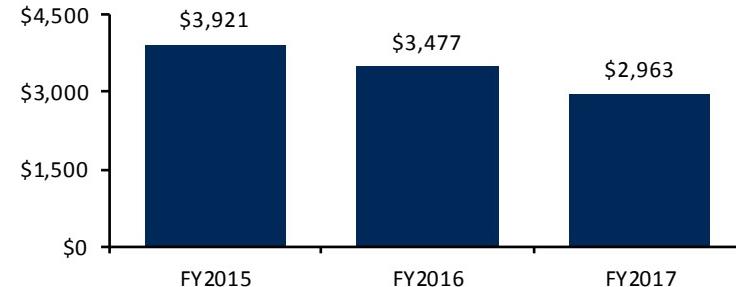


Kenmore Business Summary

Business Overview

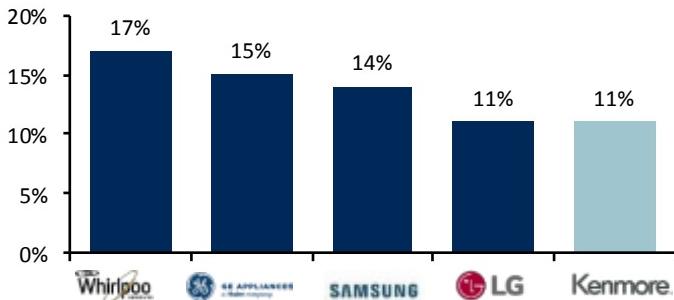
- Kenmore is broken into two business units
 - Major Home Appliance: Markets and sells refrigerators and freezers, laundry washers and dryers, cooking ranges and ovens, and dishwashers (#5 overall ranked leader in major appliances (11% U.S. sales share))
 - Small Appliance: Markets and sells small kitchen appliances, water softeners, electric air cleaners, vaporizers, vacuums, steam cleaners, room air conditioners, outdoor grills and over the counter microwaves
- The majority of its products manufactured via contracts with OEMs
- The majority of its current distribution via Sears-branded retail stores but with rapidly growing third-party distribution (e.g. Amazon)
- No. of Households: ~100MM as of 2017E (cumulative)

Historical Revenue⁽¹⁾



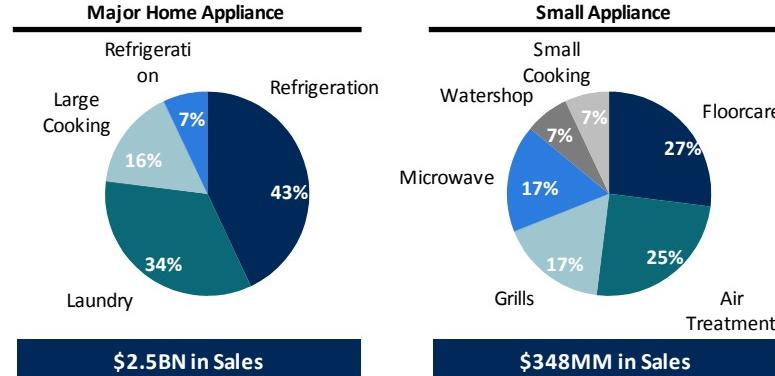
Leading U.S. Market Share

(2017E Sales Share by Brands, %)



Financial Overview

(LTM Dec 2017 Sales)



⁽¹⁾ Kenmore records revenue based on gross retail sales (included in Hardlines) or its license revenue from Sears sales of Kenmore branded products and third party sales.

Kenmore Investment Highlights

Kenmore

	Highlights	Externalization and Other Opportunities for Partner
1 Iconic American Brand that is Synonymous with Quality	<ul style="list-style-type: none">Earned 7 “Best of 2018”, 4 #1 Products, 3 “Top Ten” and 2 “Best Buy” awards from Consumer Reports in 2018	<ul style="list-style-type: none">Further expand and externalize an already established, iconic American brand
2 Industry Leadership in Major Appliances	<ul style="list-style-type: none">Significant market share despite Sears performance and capital constraints	<ul style="list-style-type: none">Recover share recently ceded as result of Sears store closures and comp sales performance
3 Access to a Robust National Distribution Platform	<ul style="list-style-type: none">Robust distribution and service platform supported by Sears service network (Innovo and Sears Home Services)Successful nationwide launch of major appliances on Amazon.com (first in the industry)	<ul style="list-style-type: none">Accelerate externalization through other channels outside of Sears (e.g. mass discounters, big box specialty, online)
4 Delivering Turn Key Solution to Retailers	<ul style="list-style-type: none">Partnership with Innovo and Sears Home Services enables scalable, national network for “one-stop-shop” and “purchase-everyday use-replacement” coverageSuccess on Amazon.com demonstrates “Turn Key” potential for external channel expansion	<ul style="list-style-type: none">Drive Amazon and future external retail partnerships with last-mile “through-the door” delivery and expert installation services
5 Significant Opportunity from Connected Home Strategy	<ul style="list-style-type: none">Access to key data on customers’ usage patterns and preferences across entire nation through smart productsSmart data collected facilitates new targeted offers (for customer retention), after-sales service leads and other revenue opportunities	<ul style="list-style-type: none">Gain sales, after-sales leads and other revenue opportunities generated by data from smart productsExpand into other adjacent areas of home automation
6 Track Record of Successful Innovation	<ul style="list-style-type: none">A long history of successful product launches with patented intellectual propertyStrong product development pipeline with more than 290 new product launches in last two years	<ul style="list-style-type: none">Expand R&D efforts and Innovation through strategic OEM partnership
7 Strategic Supply Chain Relationships with Leading Vendors	<ul style="list-style-type: none">3 of 4 major OEM agreements secured through 2020 with 1 key OEM negotiation expected to conclude shortly	<ul style="list-style-type: none">1 of 3 major vendors secured through 2020, with other two key vendor negotiations expected to conclude in Q3 2018

Sears Home Services Investment Highlights

Total Addressable Home Services Spend is ~\$270B¹; SHS Is Positioned to Expand Services to Customers via a Comprehensive Nationwide Network



<p>1</p> <p>Difficult-to-Replicate National Repair Network</p>	<ul style="list-style-type: none">▪ Leader in national appliance repair, utilizing Sears brand and A&E Factory Service (white label) workforce to complete ~5.2M repairs 2017▪ Approximately 4,500 trained in-house service technicians complemented by over 650 active independent contractor firms within a 1,099 labor network
<p>2</p> <p>Highly Attractive, Fragmented Marketplace with Strong Growth Potential</p>	<ul style="list-style-type: none">▪ SHS is a leader in a fragmented marketplace▪ ~\$270B¹ total spend with 250M+ service events per annum; SHS directly participates in three-fourths of total available marketplaces▪ Opportunity to further penetrate households within existing service capabilities and expand coverage by entering new service verticals
<p>3</p> <p>Comprehensive Suite of Home Services</p>	<ul style="list-style-type: none">▪ Complete services suite to attract business at point of sale (Protection Agreements), point of need (Home Warranty), DIY (Parts Direct) and full spectrum of in-home remodeling and maintenance services (Home Improvement and Franchise)▪ Broadest diversity of offerings across competitive landscape
<p>4</p> <p>Industry-Leading Selling Capabilities / Conversion</p>	<ul style="list-style-type: none">▪ Superior training of customer-facing associates across sales channels▪ Effective access to customers with robust retail and post purchase / point of need Protection Agreement ("PA") and Home Warranty selling network▪ Attractive service contract attachment and best-in-class lead generation and customer conversion
<p>5</p> <p>Attractive Customer Demographics</p>	<ul style="list-style-type: none">▪ SHS caters to a diverse base of commercial and residential customers▪ Provides fulfillment services for industry-leading retailers, OEMs and financial service firms▪ Core residential customers are primarily affluent, married homeowners
<p>6</p> <p>Strong Operational Expertise and Scalable Infrastructure</p>	<ul style="list-style-type: none">▪ 125-year history of providing highest quality services▪ Infrastructure investment in place to support future growth of service network▪ 5-star customer ratings

(1) Based on IBISWorld data.

Sears Home Services Capabilities

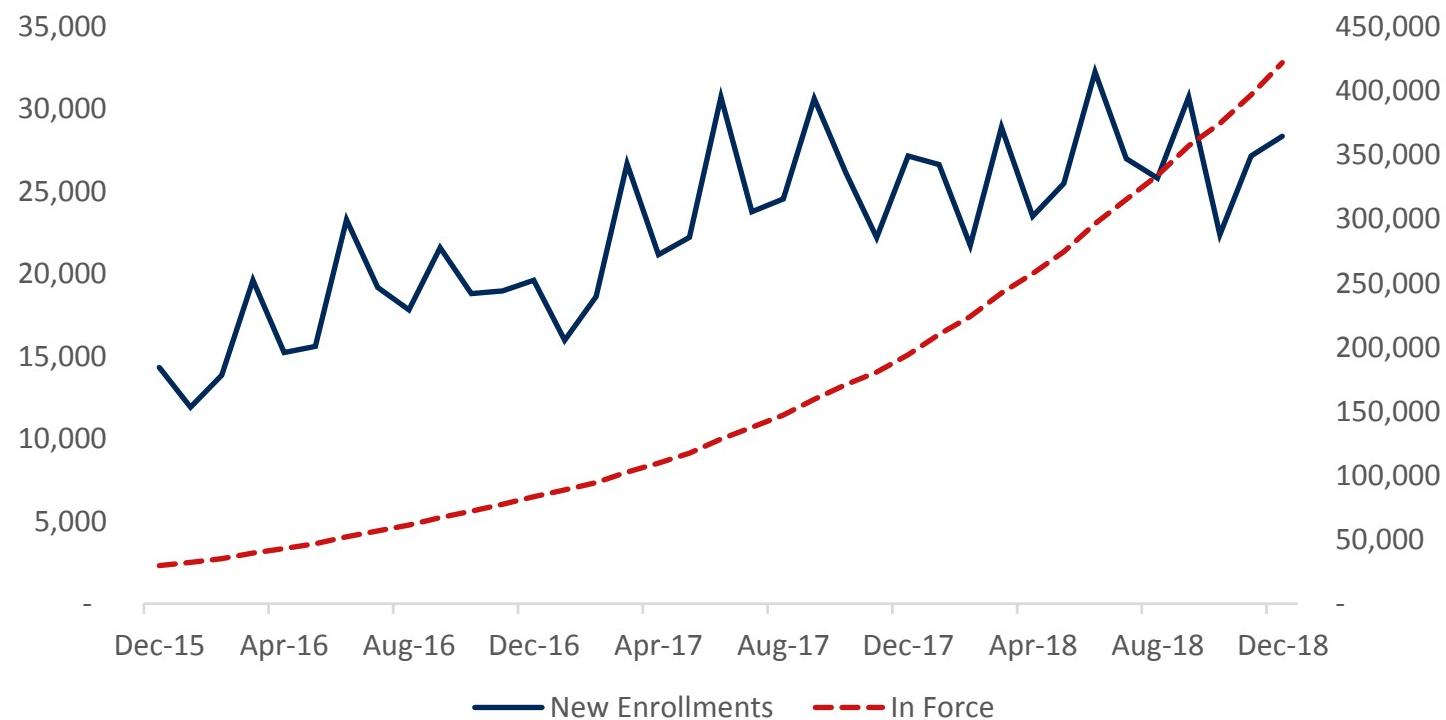
Sears Home Services (“SHS”) provides Industry-Leading Products, Services and Fulfillment Capabilities. SHS provides repair services and service contracts for appliances, electronics, outdoor power equipment, residential heating & cooling systems, power tools and fitness equipment



SHS					How SHS Adds Network Value
Current Services Portfolio	Protect (Service Contracts)	Fix (In-Home Repair)	Do-It-Yourself ("DIY") (Parts Direct)	Maintain (Franchise)	Improve (Home Improvement)
	<ul style="list-style-type: none">▪ Protection Agreements▪ Home Warranty▪ Replacement Plans	<ul style="list-style-type: none">▪ In-Home Service & Repair	<ul style="list-style-type: none">▪ Parts Sales	<ul style="list-style-type: none">▪ Carpet & Upholstery Cleaning▪ Duct Cleaning▪ Floor & Tile Cleaning▪ Handyman & Maid	<ul style="list-style-type: none">▪ Roofing, Siding, Windows▪ Bath, Kitchen▪ HVAC Service & Install▪ Flooring & Garage Doors

Utilizing an end-to-end customer solution across a suite of services & product offerings is central to the broader Sears strategy

SHS: Growth in Home Warranty Sales



Home Warranty Sales have continued to grow over the last 36 months, with over 400,000 contracts now "in-force"

Innovel Business Summary

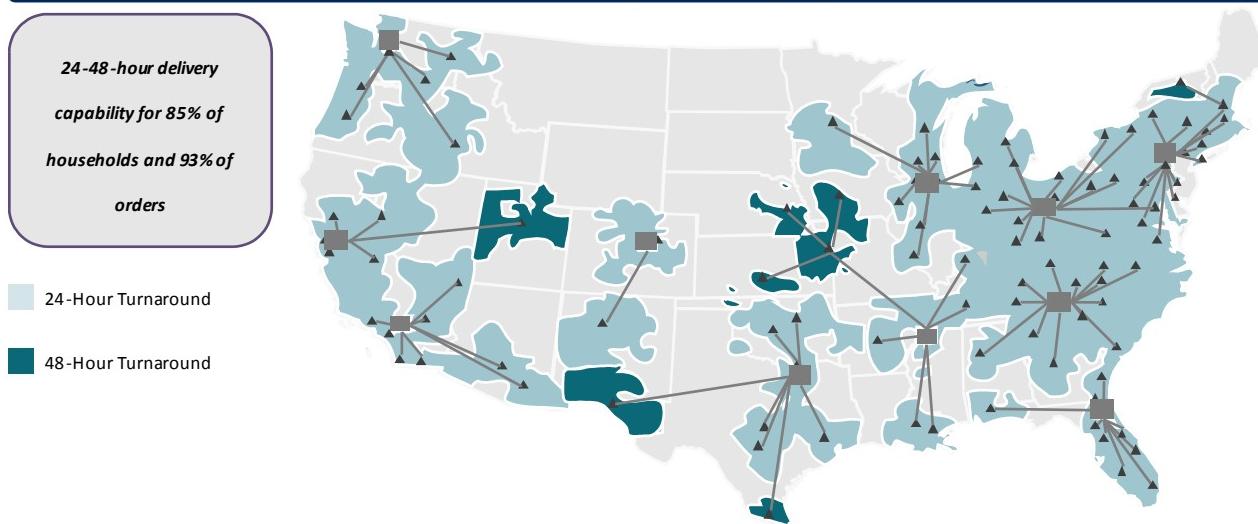
Innovel Overview

- World class third-party logistics provider with unique end-to-end nationwide capability to execute both the middle mile and final mile for Big and Bulky items
- Provide a variety of services including 2-day and next day delivery, complex installation, industry leading online fulfillment capability, U.S.-based customer service, commercial sales B2B support, transportation solutions and warehousing
- Substantial opportunity for profitable growth by continuing to centralize externalizing business

Key Figures

- ~2,200 employees located across the country
- 11 middle mile distribution centers placed across the country
 - Collectively occupy ~9.3mm square feet and over 500 acres
- 3 offshore retail distribution centers
- 108 final mile cross-dock centers, capable of home delivery
 - Collectively occupy ~9.3mm square feet

Next Day and 2 Day Capabilities



InnoveL Investment Highlights

InnoveL has ample room for organic, profitable growth via externalization and footprint optimization

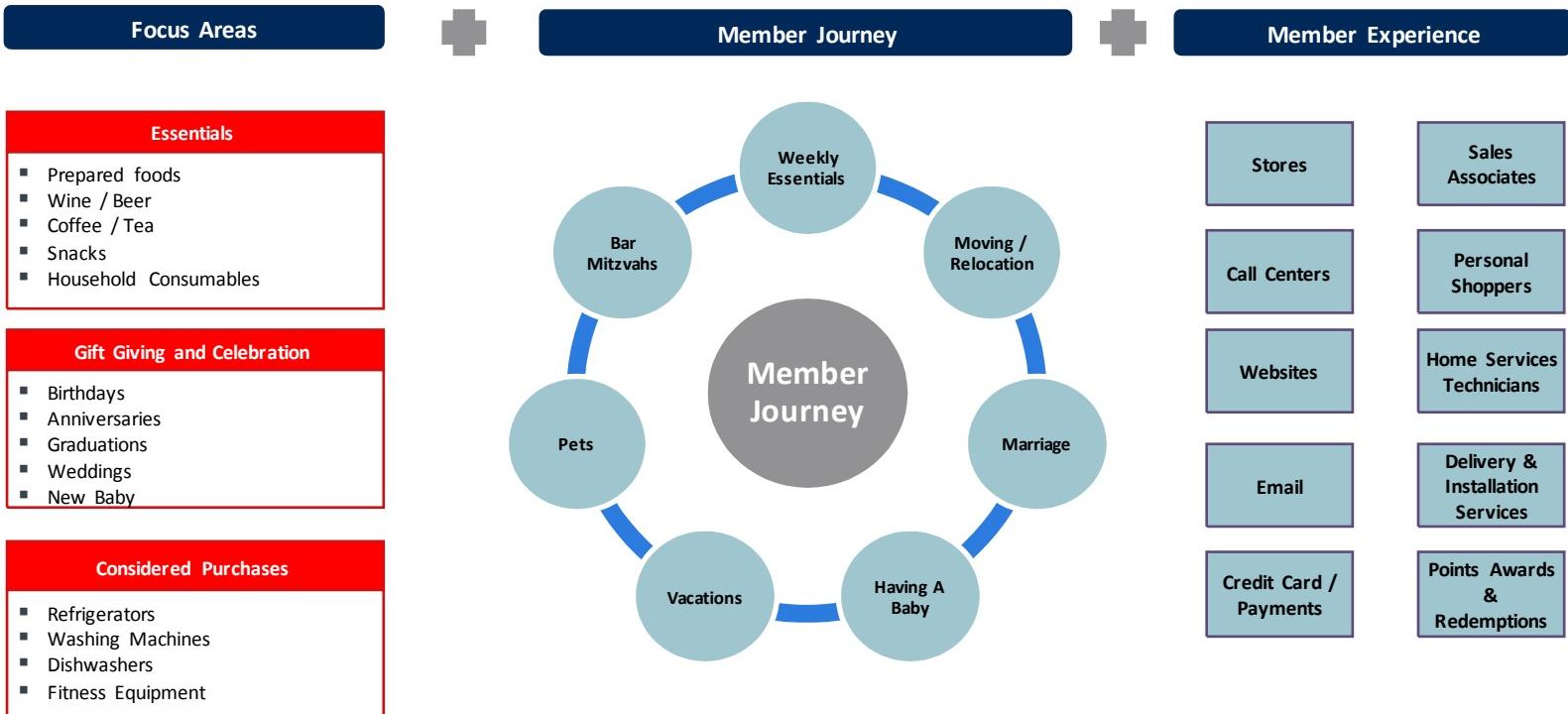
- 
- 1 Difficult-to-Replicate National Distribution Network**
 - World-class distribution network, utilizing 11 up-to-date distribution facilities and 108 MDO facilities, collectively occupying ~9.3mm square feet and over 500 acres
 - Approximately 2,200 employees and strong relationships with third party carriers, enabling industry-leading delivery times
 - Strategically located footprint catered to middle mile and last mile fulfillment for store network
 - 2 Ability to Strengthen Member Relationships**
 - Superior instillation capabilities offers opportunity to develop stronger customer relationships and brand equity
 - Can further leverage in-home instillation assignments to cross -sell additional Sears related products (e.g. protection agreements, Shop Your Way Credit Cards and Home Services offerings)
 - 3 Attainable 3rd Party Revenue Opportunity**
 - Revenue externalization process has launched with success, quickly entering into new contracts with blue -chip clients
 - Substantial capacity, especially with a right -sized store footprint, will allow for quick integration of 3rd party customers
 - Highly-trained network of instillation and delivery professionals offers opportunity to expand into adjacent instillation services for 3rd party clients
 - By 2021, total volume is expected to increase by ~80% from 2.9mm in 2018 to 5.3mm with increasing diversification away from Sears; decreased Sears exposure by ~55 percentage points from 2018 to 2021
 - 4 Achievable Opportunities To Cut Substantial Costs**
 - Current capacity, given reduced Sears store footprint, provides opportunity to ramp up 3rd party business with virtually no additional infrastructure investment
 - High degree of operating leverage is conducive to margin enhancing growth
 - Management has identified several initiatives, such as IT investment, that will improve labor productivity and enhance long-term cost structure
 - 5 Strong Operational Expertise and Scalable Infrastructure**
 - Strong, experienced management team with industry-leading knowledge and experience in logistics and supply-chain
 - Management has demonstrated an ability to invest in new MDO's in key geographies in a capital efficient manner



Shop Your Way

The ShopYourWay Framework For Success

SYW is built around a triumvirate framework focused on (i) Essentials (ii) Gift Giving and Celebration, and (iii) Considered Purchases



Machine learning capabilities embedded in the SYW architecture will allow the Company to deliver an unrivaled consumer experience

Shop Your Way

SYW Targeted Offer Capabilities

Target Member Offers

- Through the use of Targeted Offers through various members-facing channels such as email, text, and app experiences, SYW has the ability to cater individual member level offers at a broad level such as format (Sears & Kmart) or the ability to target directly to an individual item level (a specific model of refrigerator)
- This allows for the ability to drive a behavior/purchase at a member level and not allow for the remaining population of shoppers to be given a discount/points that does not drive an incremental trip or spend thus creating a higher ROI

Targeted Offer



- Targeted based on propensity and members value able to scale up and down to control investment

Mass Offer

Friday and Saturday Only



vs.

- Offer available to all regardless of intent - higher incremental need to break even

Sears Auto Center Business Summary

Business Highlights

- One of the largest, scaled providers of automotive aftermarket services, with a nationwide footprint of 231 locations across 38 states and Puerto Rico
 - Stores are ~17,700 square feet on average with ~17 service bays
- Service offerings include tire replacement, rapid wheel alignment, precision brake service, battery replacement, comprehensive oil / fluid change and diagnostic & mechanical services
- Attractive, diverse customer base of individual consumers and commercial / corporate accounts
- Employs one of the most tenured labor networks in the industry, with 2,163 trained and accredited technicians across store base
- Executing multi-faceted strategy across operations, merchandise, marketing, real estate, customer base and sourcing to grow revenue and improve profitability
- FY2017A Sales (All Locations): \$333mm
- FY2017A 4-Wall EBITDAR (All Locations): \$26mm

Customer Segmentation

Commercial Customers

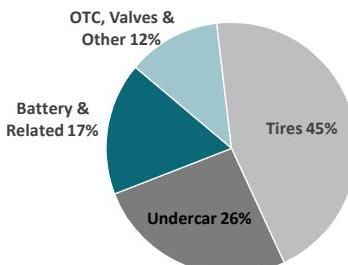
Key Customers



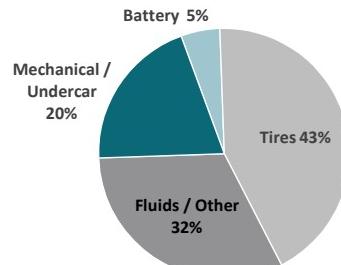
FY2017A Revenue Breakdown

Merchandise

Service



71% of Total Sales



29% of Total Sales

Key Brands Distributed

Tires

Battery & Related

DieHard®



BF Goodrich Tires

HANKOOK



OTC, Valves & Other

Undercar Parts

Sears Auto Center Investment Highlights



1

Unique Industry Player With National Footprint

- Large, national player with strong brand equity competing against mostly regional and local businesses
- Beneficiary of traffic to Sears FLS, giving the segment enhanced customer visibility
- Ability to leverage Sears' national supply chain contributes to enhanced lead times and customer service
- Base of 2,163 trained and accredited technicians provides unique opportunity to take advantage of excess capacity

2

Diverse Product Offering

- Mix of service and merchandise product offering allows Sears Auto Center to be a one -stop-shop for automotive needs, leading to recurring revenue and high customer satisfaction
- Proven ability to cross -sell merchandise to customers seeking mechanical service (and vice-versa)
- Strong relationships with blue -chip vendors provides for attractive merchandise offering

3

Leasing Opportunity

- Only national retailer that offers leasing as a payment option for automotive products and services
- Ability to attract sub-prime customers with limited financing options, while maintaining no balance sheet risk due to strong financing relationships
- High margin opportunity with the ability to lease out under -utilized bays for DIY'ers
- Opportunity to create lease -based standalone Auto Centers in key markets

4

Ride-Sharing Platform Exposure

- Recently entered into partnerships with Uber and Lyft
 - Partnership is predicated on the creation of service stations for both ride -sharing platforms within Sears Auto Centers, where drivers can have their cars certified and purchase regular maintenance
- 5 Uber hub locations, generating 200-300 certifications per week each, as well as 10 Lyft locations, with expansion plans

5

External Channel Growth Opportunity

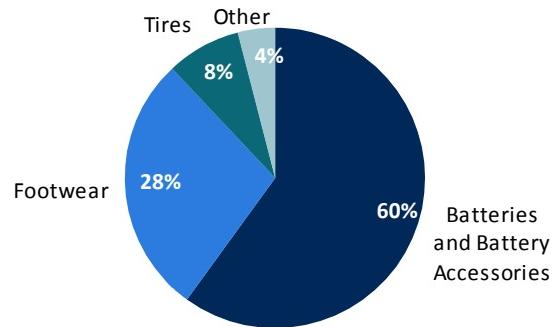
- Opportunity to leverage strong team of experienced associates to take advantage of tire instillation market
 - Online tire sales have grown over past few years, with vendors not having the appropriate network to complete instillation
- Recently rolled out partnership with Amazon, selling DieHard tires through the platform and installing at Sears Auto Center
 - Opportunity to expand through additional online mediums and install non -DieHard tires at store locations

DieHard Business Summary

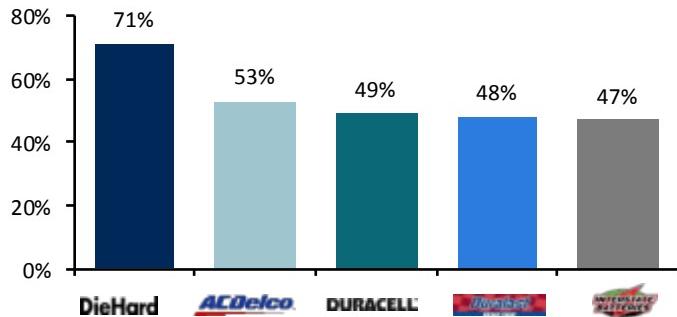
Business Overview

- Leading provider of power solutions since 1967
- Current U.S. sales share of 4% for vehicle batteries
- Products sold primarily through Sears channels, with select external retail distribution
- All products are manufactured by leading contract manufacturers, required to comply with DieHard high quality standards
- Well-balanced portfolio of vehicle batteries, with well -developed strategies for new product introductions in adjacent and peripheral industries
 - Adjacent (Power): Connected Lighting Solutions, Solar Power Solutions
 - Peripheral (Lifestyle): Rugged Wear, Extreme Wear

Revenue by Segment



Brand Awareness



Select Products

 Vehicle Batteries <ul style="list-style-type: none">■ Offered for Auto, Marine & RV, PowerSport and Lawn & Tractor	 Vehicle Battery Back Up <ul style="list-style-type: none">■ Various applications range from jumping a car battery to powering laptop within a car	 Portable Power and Lights <ul style="list-style-type: none">■ Categories include tool batteries, alkaline batteries, flashlights and LED lights
 Work Boots <ul style="list-style-type: none">■ High-performance boots, offered in both slip-ons and lace-ups	 Tires <ul style="list-style-type: none">■ Mid-Tier Passenger car tires manufactured by Kumho sold in SAC	 Consumer Electronics <ul style="list-style-type: none">■ Categories include Powerbanks, Chargers, Charging station, Phone cases and headsets

Monark Business Summary

Business Unit Overview

- Monark Premium Appliance Company and its affiliates form a nationwide distributor of premium home appliances that serve architects, builders, designers, developers and homeowners
- Monark represents a partnership between three leading distributors: Florida Builder Appliances, Westar Kitchen & Bath and Standards of Excellence
- Showrooms provide customers with premium cooking, cooling and cleaning appliances
- Monark operates within the larger Hardlines business Established June, 2015

Store Locations

20 showrooms across Arizona, California, Florida and Nevada



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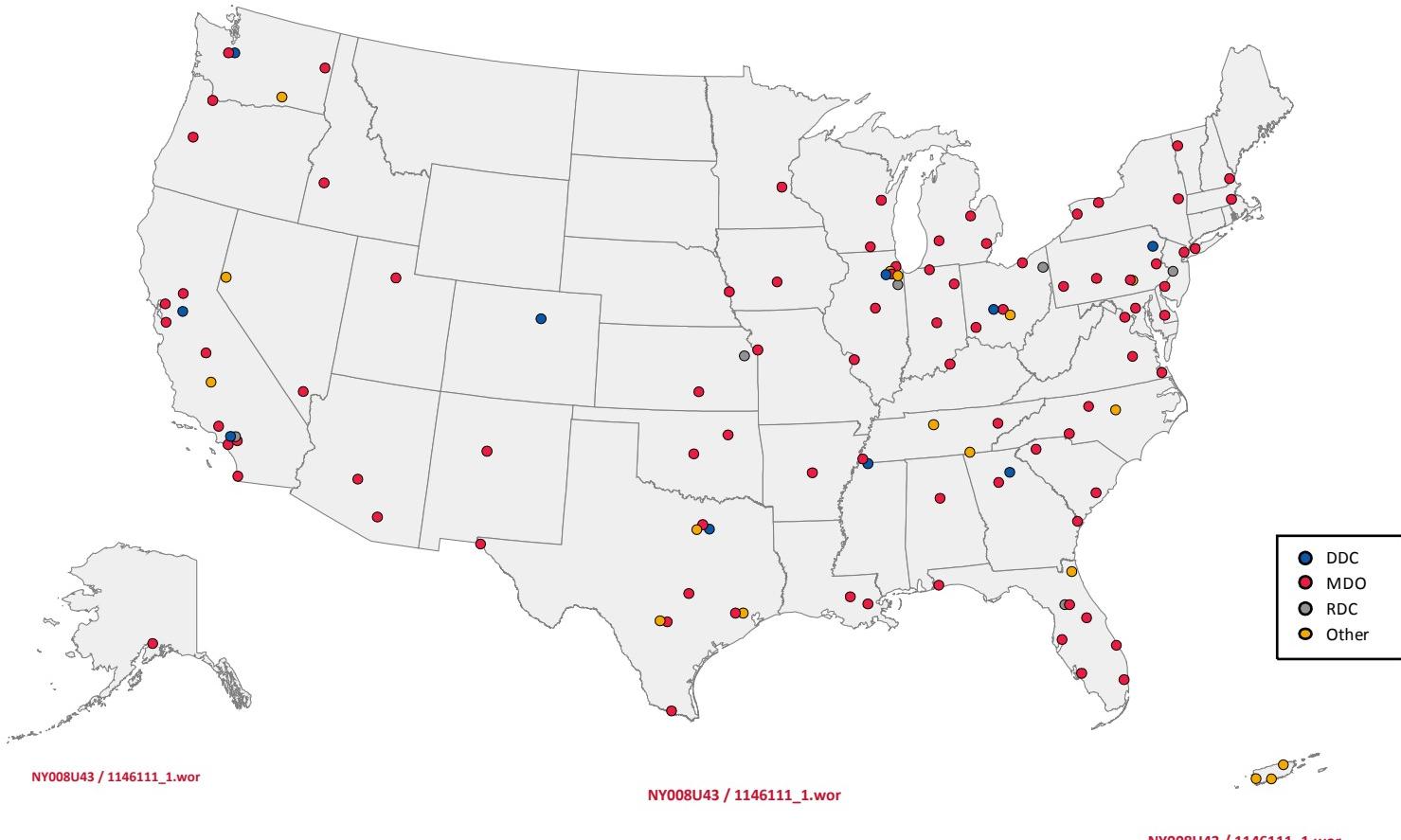
Select Brands



Real Estate Breakdown

<i>(\$ in 000's)</i>	Property Count	Total Square Feet	Appraised Lit Value	Appraised Dark Value
<u>Owned</u>				
Sears	78	12,626,759	\$781,780	\$524,625
Kmart	12	1,298,102	135,452	98,400
Total Owned	90	13,924,861	\$917,232	\$623,025
<u>Ground Lease</u>				
Sears	51	8,450,184	\$562,850	\$218,400
Kmart	14	2,071,316	39,790	14,000
Total Ground Lease	65	10,521,500	\$602,640	\$232,400
<u>Leased</u>				
Sears	94	12,766,836	\$310,032	N/A
Kmart	176	16,315,242	155,781	N/A
Total Leased	270	29,082,078	\$465,813	N/A
All Properties	425	53,528,439	\$1,985,685	\$855,425

Sears Supply Chain Breakdown



Sears has 120 supply chain assets (DDCs, MDOs, and RDCs) strategically located in all major areas of operations

Small Store Footprint

Investment Highlights

New Sears intends to increase investment in the smaller footprint strategy as it reduces its large box footprint

Store Overview

- The Company has recently been testing the concept of opening smaller footprint digital stores, marketed as “Sears Appliances” to leverage and highlight their most popular and profitable categories
 - Small footprint stores range from 7,000 – 20,000 sq. feet, while typical Sears locations average ~138,000 sq. feet
 - Allows the company to substantially reduce rent expense and personnel costs
 - On-demand inventory helps the Company improve its cash conversion at the retail level
 - Locations have successfully opened in Texas, Colorado, Hawaii and Pennsylvania
 - Most orders are placed on demand and can be shipped to customers or store locations
 - Stores specialize in selling appliances, but also offer the ability for consumers to order all Sears products in-store
- Locations offer interactive displays and trained experts to assist customers with their appliance & non-appliance needs

Small Store Footprint

Expansion of Small Footprint

Business Overview

- Store size: 7,000 to 20,000 sq/ft (leased)
- Local personalized shopping experience benefiting the community through the Sears and ShopYourWay ecosystem
- Products & services tailored to the community:
 - Home Appliances
 - Home Services (Repair, Parts, Home Improvement)
 - Connected Solutions (IoT products)
 - Financing options for every member
 - ShopYourWay 5-3-2-1 card
 - Leasing
 - Layaway
 - Shop Your Way Products and Services
 - Mattresses (when over 10k ft²)
 - Other community relevant products when space permits and based on local demographics and needs (seasonal product, tools, fitness, etc.)
- Highly trained consultative experts that focus on helping customers with
- Large purchases and home solutions
- In-home support and consultation
- Unlimited service opportunities and solutions; Service Live

Financial Summary (2018E)

(4 Operating Stores), Proof of concept

	2018F
(\$000s)	
Sales	\$23,882
Gross Margin	7,435
<i>GM%</i>	31%
Operating Expenses	5,557
EBITDA	1,878
<i>EBITDA %</i>	8%
EBITDAR	3,065
<i>EBITDAR %</i>	13%
IRR	36%
Payback	3.75 yrs

Description	Store Economics
Gross SF	7,000 to 20,000
Selling SF	6,750 to 18,000
Annualized Sales	\$4m - \$8m
<i>Sales per/GSF</i>	\$400 - \$500
EBITDA \$	\$0.4m - \$1.0m
<i>EBITDA %</i>	~8%
EBITDAR \$	\$0.6m - \$1.4m
<i>EBITDAR %</i>	~13%
Capital Investment	\$1.4m - \$1.8m
IRR	30%-60%
Payback	3 - 4 yrs

sears

